



# THE STRATEGIC PLAN OF THE INDIANA PUBLIC RETIREMENT SYSTEM FOR FISCAL YEARS

# 2020-2022



## TABLE OF CONTENTS

<b>INTRODUCTION TO THE STRATEGIC PLAN</b>	<b>3</b>
<b>VISION, MISSION AND PRINCIPLES</b>	<b>9</b>
<b>GOALS, OBJECTIVES &amp; KEY OPERATIONAL REQUIREMENTS</b>	
<b>Goal 1:</b> Deliver a quality member experience	<b>10</b>
<b>Goal 2:</b> Engage members through effective communication, education and collaborative relationships	<b>11</b>
<b>Goal 3:</b> Deliver a quality employer experience	<b>12</b>
<b>Goal 4:</b> Achieve a Defined Benefit (DB) target rate of return within accepted risk, cash flow, and cost constraints	<b>13</b>
<b>Goal 5:</b> Provide competitive Defined Contribution (DC) investment options and services	<b>14</b>
<b>Goal 6:</b> Ensure a competitive operating cost structure	<b>15</b>
<b>Goal 7:</b> Proactively manage risk	<b>17</b>
<b>Goal 8:</b> Foster a culture where an engaged workforce advances the organization's objectives	<b>19</b>
<b>Goal 9:</b> Advocate for legislative and regulatory policies needed to achieve strategic goals	<b>20</b>

# INTRODUCTION



## STRATEGIC PLANNING PROCESS

INPRS's 2020 – 2022 Strategic Plan reflects an intense focus on the Indiana Public Retirement System (INPRS) members and our role in helping them to realize and secure their retirement dreams. The planning process focused on our evolving role as both the provider of well-funded Defined Benefit plans for public servants, but also a new suite of Defined Contribution plans reflecting national changes in how working Americans and their employers fund retirements.

This Strategic Plan builds on last year's plan and is meant to guide the organization into the next decade. As we have done in the past, the executive team completed a series of workshops to analyze the organization's strengths, weaknesses, opportunities, and threats (SWOT), peer group benchmarking and a comprehensive voice of the customer assessment. These workshops also focused on the following strategic topics: industry trends for defined contribution plans (DC plans), member services, organizational efficiency, products and services, and performance measurement.

Continuous Improvement remains a principal business focus for INPRS strategic planning and the day to day execution of operational tasks. Utilizing industry standard tools and techniques for critical thinking and problem solving, INPRS identifies opportunities to improve service, satisfy customers, be more cost-effective, and mitigate risk.

As we strategically assessed the changing expectations of a growing membership and employer base, we began the development of the INPRS 2020 – 2022 Strategic Plan by reconsidering how best to describe both INPRS's vision and its mission.

## INPRS VISION

We see INPRS Vision as a forward-looking statement, creating a mental image of the ideal state we wish for our members. It is inspirational and aspirational and will lead the INPRS team to greater levels of service.

In our strategic planning process, we concluded that INPRS staff are motivated each day by providing service to members. They strongly desire to empower those who have given a career to public service an opportunity to build a positive retirement outcome. As a member-focused organization, we also wanted to provide a vision that is meaningful to those we serve. The result was a focus on member engagement, leading to a positive retirement.

# INTRODUCTION

• **Our new Vision:** *Engaged members able to realize their retirement dreams*

This new vision will provide a greater organizational emphasis on member engagement and education while continuing our focus on being trusted to pay benefits earned by members. What do we mean by engagement? This is our focus on helping members help themselves. We realize that an INPRS benefit alone cannot provide a complete retirement. To enjoy a successful retirement, members must use the years before retirement to build retirement savings while minimizing expenses in retirement. This means active engagement in planning for not only an INPRS benefit, but other retirement income sources such as savings, Social Security benefits, and employment in retirement.

Additionally, INPRS maintains a high level of commitment to our employer stakeholders responsible for the enrollment and onboarding of members into INPRS retirement plans. INPRS staff strive to develop and maintain strong employer relationships to deliver quality services and employer engagement experiences.

## INPRS MISSION

We consider our Mission Statement to be a more concise explanation of the INPRS's reason for existence. It describes our purpose and overall intention. Our mission statement is intended to support the vision and serves to communicate our purpose and direction to employees, members, employers, and other stakeholders.

INPRS is evolving into a retirement system with a strong foundation in Defined Benefit (DB) plans and a growing suite of Defined Contribution (DC) plans. In DB plans, the risk of providing a specified retirement benefit lies with INPRS and the employers who contribute to these plans. However, DC plans shift the risk of ensuring an adequate retirement benefit to the members, with the support of both member and employer contributions.

INPRS's new Mission Statement emphasizes our role as a fiduciary. It communicates our commitment to delivering both DB and DC benefits and services.

• **Our new Mission Statement:** *As fiduciaries, educate stakeholders, collect necessary contributions, and prudently manage member assets to deliver promised DB and DC benefits and services.*

# INTRODUCTION



## IMPROVED/CONSOLIDATED GOALS

Driven by a revised Vision and Mission, the goals and objectives of this strategic plan are simplified and more tightly focused on those activities most closely associated with achieving our refined direction. The goals include:

**Goal 1:** Deliver a quality member experience

**Goal 2:** Engage members through effective communication, education and collaborative relationships

**Goal 3:** Deliver a quality employer experience

**Goal 4:** Achieve a Defined Benefit (DB) target rate of return within accepted risk, cash flow, and cost constraints

**Goal 5:** Provide competitive Defined Contribution (DC) investment options and services

**Goal 6:** Ensure a competitive operating cost structure

**Goal 7:** Proactively manage risk

**Goal 8:** Foster a culture where an engaged workforce advances the organization's objectives

**Goal 9:** Advocate for legislative and regulatory policies needed to achieve strategic goals

Enterprise risk management and sustainability continue to be important filters which we apply to check all of our strategies. Whether discussing cybersecurity, succession planning or evaluation of future trends, these filters guide our approach. They provide a primary perspective that links the nine strategic goals and are woven through the objectives and underlying initiatives in the business plan.

# INTRODUCTION

## INPRS STRATEGY MAP

The INPRS Strategy Map is a pictorial representation of Strategic Goals outlined in order to achieve INPRS' vision and mission.



## ASSET MANAGEMENT

The INPRS investment team is responsible for the prudent investment and management of approximately \$34.5 billion in assets across both defined benefit (DB) plans and defined contribution (DC) plans.

One significant component of the investment decision-making process for the DC plans is to periodically evaluate the efficacy of the target date funds offered to Plan participants relative to its objectives.

Following the completion of a Target Date Fund Asset Allocation study, the INPRS investment team recommended and the Board approved a revised glide path of target date fund allocations at the February 2019 Board meeting. INPRS's Investment Policy Statement was also revised to outline the risks INPRS is attempting to better manage through these allocation changes, specifically:

- Longevity risk - outliving your retirement savings,

# INTRODUCTION

- Shortfall risk - not being able to maintain your desired standard of living,
- Inflation risk - inflation outpacing investment returns,
- Market risk - market movements harming retirement savings.

The INPRS investment team will be implementing the new target date fund allocations during the first quarter of fiscal year 2020.

## ANNUAL MEMBER STATEMENT

An important initiative this past year was our Annual Member Statement (AMS). Beginning in November 2018, PERF and TRF members began receiving an AMS the month after their birthday. This statement includes key demographic data as well as projected benefits for members' defined benefit (DB) and defined contribution (DC) accounts. While education and engaging members was an important objective of the AMS, there were also essential compliance aspects of the project. Mailing service credit information to all members allows them to review and verify the accuracy of their data. Any changes provided by members will improve both the accuracy of their retirement planning and ensure INPRS has accurate data from which to report and manage the overall financial strength of the fund.

## IMPROVING DATA QUALITY AND INTEGRITY

Over the last year, INPRS implemented a newly defined Information Management program, created new roles for Data Stewards, as well as improved staff recognition of the value of our data through an ongoing data integrity awareness campaign across the organization. This program is designed to continue data improvement efforts in a more integrated fashion across all business units while establishing steps to make data integrity a fundamental part of the entire organization. INPRS has identified that the ongoing focus on our data as an asset requires more attention than how it has been handled historically. As such, INPRS has adjusted the approach to use additional dedicated staff to improve focus on this important work.

Discussions with multiple peer organizations verified this is a necessary change to better support these efforts. Through a dedicated team, we will further develop our Information Management program and the underlying processes that validate, quantify and identify opportunities for improvements of our data assets.



# INTRODUCTION

## VOICE OF CUSTOMER

Customer feedback, from both members and employers, was used in the creation of this strategic plan. In the coming year, INPRS will expand the gathering and use of Voice of the Customer (VOC) feedback in the strategic planning process. For years, INPRS has utilized its VOC program to gain insights from members, employers, and other key stakeholders. We integrate VOC, our customers' input, as a standard process to improve organizational performance and key service levels that are most important to our members.

## An Eye Toward the Future

Our 2020–2022 strategic plan is designed with an eye toward the future, maintaining the viability of our funds in perpetuity and securing the financial future of INPRS's members. The goals and objectives of this plan set us on course to ensure we will continue to accomplish our mission for many years to come.

# VISION, MISSION AND PRINCIPLES



## VISION

Engaged members able to realize their retirement dreams.

## MISSION

As fiduciaries, educate stakeholders, collect necessary contributions, and prudently manage member assets to deliver promised DB and DC benefits and services.

## PRINCIPLES

### Integrity

We hold ourselves accountable to the highest standards of ethical and professional behavior.

### Stewardship

We prudently manage assets held in trust for current and future retirees. We are value oriented. We rigorously identify, measure, and manage risks.

### Service

We exist to serve our stakeholders with attentiveness to high quality, respectful customer service.

### Trust

We are our stakeholders' trusted source of reliable information.

### Collaboration

We seek out stakeholder input when establishing goals and setting priorities.



## GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS

### Goal 1: Deliver a quality member experience

#### Strategic Objectives

- A. Implement a formal process to incorporate stakeholder insights into the strategic plan
- B. Refine the new member plan enrollment and onboarding education processes
- C. Establish and maintain an excellent integrated digital user experience for INPRS members, employers and stakeholders
- D. Increase member call center satisfaction from 76% to 80%
- E. Process 100% of retirement, death and disability payments in no greater than 30 days

#### Key Operational Requirements

- 1. Distribute timely and accurate payments to members
  - a. Monthly payroll
  - b. Weekly payroll
  - c. Retirements
  - d. Disability
  - e. Death
  - f. Defined Contribution Account
- 2. Distribute accurate 1099-R documents by January 31 of every year

## GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS



### **Goal 2: Engage members through effective communication, education and collaborative relationships**

#### **Strategic Objectives**

- A. Empower members to make prudent Defined Contribution asset allocation decisions by developing and deploying improved investment education
- B. Improve member retirement readiness by developing a financial education strategy as measured by Member engagement
- C. Enhance the VOYA myOrangeMoney retirement calculator to provide potential Defined Benefit income at selectable retirement ages
- D. Increase the proportion of members who login and interact with myOrangeMoney from 64% to 70%

#### **Key Operational Requirements**

- 1. Maintain ongoing Voice of Customer (VOC) surveys and research
- 2. Provide required reports to the Legislature including the Pension Management Oversight (PMO) Committee



**GOALS, OBJECTIVES & KEY  
OPERATIONAL REQUIREMENTS**

**Goal 3: Deliver a quality employer experience**

**Strategic Objectives**

- A. Increase employer satisfaction from 84% to 87%
- B. Assess the value proposition of increasing employer relationship management resources

**Key Operational Requirements**

- 1. Request pension relief information from employers
- 2. Provide annual contribution rate notification to employers
- 3. Track and report the timeliness of employer contributions.
- 4. Track employers that are habitually late and ask the Auditor of State to intercept funds from these employers
- 5. Annually obtain actuarial valuation reports for the defined benefit plans
- 6. Establish annual employer contribution rates at or above the actuarially determined contribution (ADC) rates
- 7. Perform an experience study of the defined benefit plans to update the actuarial assumptions, and review the actuarial methods for any necessary changes

## GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS



### **Goal 4: Achieve a Defined Benefit (DB) target rate of return within accepted risk, cash flow, and cost constraints**

#### **Strategic Objectives**

- A. Determine the investment strategy by recommending an asset allocation and target rate of return for the Board's approval
- B. Evaluate opportunities to enhance exposure to investments that perform well during environments of positive inflation surprises
- C. Evaluate alternative implementations of INPRS' risk parity exposure
- D. Establish an active risk budget across asset classes

#### **Key Operational Requirements**

- 1. Achieve the DB investment targets and metrics
- 2. Complete the annual Investment Policy Statement (IPS) Review
- 3. Conduct an annual review of DB investment management fees, including benchmarking fees as compared to other public pension funds
- 4. Complete and assess a long-term liquidity analysis of the DB portfolio annually
- 5. Ensure the DB allocation to each asset class is within the Board-approved range
- 6. Assess the most productive mix of passive and active management across the DB portfolio
- 7. Monitor securities litigation and opportunistically participate in domestic and/ or international cases to maximize INPRS's loss recovery



## GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS

### **Goal 5: Provide competitive Defined Contribution (DC) investment options and services**

#### **Strategic Objectives**

- A. Evaluate and benchmark stand-alone DC options offered to members

#### **Key Operational Requirements**

1. Achieve the DC investment metrics
2. Conduct an annual review of DC investment management fees, including benchmarking fees as compared to other public pension funds
3. Perform an annual review of DC investment options, including glide path (asset allocation) assumptions for the target date funds
4. Assess the most productive mix of passive and active management across the DC investment options
5. Complete quarterly reviews of the external annuity provider's performance, claims paying ability, creditworthiness, and fees charged
6. Conduct periodic meetings with business partners to benchmark our DC options and services
7. Set and communicate the DC administrative fee

**GOALS, OBJECTIVES & KEY  
OPERATIONAL REQUIREMENTS**



**Goal 6: Ensure a competitive operating cost structure**

**Strategic Objectives**

- A. Expand benchmarking studies beyond public retirement plans
- B. Complete a deeper dive exploration of our best in class public retirement pension peers
- C. Establish key business process maturity levels
- D. Enhance INPRS' Organizational Change Management process
- E. Establish a cost effective solution for historical data retention needs across the organization
- F. Improve benefit payment efficiencies by maximizing electronic payments and offering stored value card as an alternative
- G. Improve internal access and visibility to business information resulting in improved operational efficiency and delivery of stakeholder services
- H. Evaluate and recommend a custodian provider for INPRS' Board approval

**Key Operational Requirements**

- 1. Maintain a strategic plan on a three-year time horizon to be updated annually (SWOT, Strategy Map, Strategic Plan)
- 2. Participate in the annual Cost Effectiveness Measurement (CEM) surveys (Administration Cost, DB Performance and Fee Structure, and DC Performance and Fee Structure). Coordinate all survey responses and follow the improvement process to develop and implement an INPRS cost and service improvement plan



GOALS, OBJECTIVES & KEY  
OPERATIONAL REQUIREMENTS

**Goal 6: Ensure a competitive operating cost structure**

**Key Operational Requirements, cont.**

3. Maintain a Balanced Scorecard that contains a comprehensive set of measures for senior executives to assess INPRS progress towards meeting its strategic goals. Reevaluate all measures and target performance levels on an annual basis (end of fiscal year)
4. Establish an operating budget to be approved by the Board no later than June 30 of each year
5. Report financial performance to the budget at every Board meeting
6. Determine appropriate Board education and implement annually
7. Provide consistent guidelines and processes that define the creation, review, approval, distribution, tracking and updating of policies and procedures used by INPRS
8. Conduct performance reviews with business owners of vendors to ensure that key vendors are providing services according to expectations outlined in the contract

## GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS



### Goal 7: Proactively manage risk

#### Strategic Objectives

- A. Improve INPRS' Enterprise Risk Management program maturity one level to "Repeatable"
- B. Improve INPRS' data integrity for business critical data elements

#### Key Operational Requirements

- 1. Obtain an annual unmodified opinion from the external auditor
- 2. Publish the INPRS CAFR annually by December month end and obtain the Government Finance Officers Association (GFOA) certification
- 3. Annually publish audited Government Accounting Standards Board (GASB) #68 related schedules for employers
- 4. As issued, determine if new GASB pronouncements have an impact on INPRS
- 5. Ensure that any audit findings or control issues identified in the annual external audit have action plans developed to correct the deficiency or material weakness within 30 days after the close of the audit
- 6. Complete a risk assessment of the strategic plan, prioritize risks, and development improvement plans for all risks above the approved thresholds
- 7. Ensure member, employer and staff security by performing IT security access control audits
- 8. Hold an IT disaster recovery test to validate capabilities for timely recovery of application systems
- 9. Complete a risk assessment of the organization and develop an annual audit plan
- 10. Monitor the compliance matrix for the Investment Policy Statement (IPS)
- 11. Complete the biennial review of Board governance documents
- 12. Enhance the comprehensive INPRS compliance program to ensure compliance with all federal and state requirements



GOALS, OBJECTIVES & KEY  
OPERATIONAL REQUIREMENTS

**Goal 7: Proactively manage risk**

**Key Operational Requirements, cont.**

13. Maintain and improve information security through execution of the information security program
14. Conduct business continuity and disaster recovery (BCDR) tabletop exercise to ensure all critical processes are operating in accordance with the Business Continuity Plan (BCP)

## GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS



### **Goal 8: Foster a culture where an engaged workforce advances the organization's objectives**

#### **Strategic Objectives**

- A. Define and build the desired organizational and departmental cultures to attract and retain employees
- B. Implement a Human Resource Information system which will facilitate enhancing INPRS's talent acquisition strategy
- C. Recruit, train and retain the desired Call Center personnel

#### **Key Operational Requirements**

- 1. Continuously assess staffing needs and complete recruiting of the required staff
- 2. Complete an annual employee survey and create action plans to ensure employee engagement
- 3. Review and refresh the succession plan and position risk assessment to address retention and developmental plans



## GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS

### **Goal 9: Advocate for legislative and regulatory policies needed to achieve strategic goals**

#### **Strategic Objectives**

- A. Implement SEA 373 Supplemental Reserve Account Distribution
- B. Refine the enacted 77 Fund Disability Determination Process
- C. Transition the Retiree Health Benefit Trust Fund (501/HRA) to INPRS
- D. Evaluate DC distribution options upon employee separation
- E. Evaluate and streamline the service purchase process
- F. Evaluate member annuity stipulations

#### **Key Operational Requirements**

- 1. Conduct a review of Indiana Code for changes needed to achieve INPRS' mission and strategic goals at least annually in advance of the Pension Management Oversight (PMO) Committee annual meetings
- 2. Provide all reports as required by Indiana Code to the Administrative and Legislative branches of Indiana State government
- 3. Complete a monthly review of the nature of member benefit appeals and complaints to assess the need for change to existing code, policies, processes and procedures
- 4. Respond to requests from the Legislative Services Agency (LSA) within timeframes mutually agreed upon between INPRS and LSA to enable appropriate review and response
- 5. Provide financial and actuarial support during the legislative sessions to INPRS staff for legislators and LSA